Ullits & Winther
Statsautoriseret Revisionspartnerselskab

Agerlandsvej 1
8800 Viborg
Tlf. 86 62 92 22
Fax 86 62 93 75
E-mail: uw@uw.dk
Netværk: RevisorGruppen Danmark

Skalflex A/S

Industrivej 20B, 8800 Viborg

Company reg. no. 17 10 47 99

Annual report

1 January - 31 December 2016

The annual report has been submitted and approved by the general meeting on the 12 April 2017.

Eric Charles Pierre Bergé
Chairman of the meeting

Notes:
- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Contents

	Page
Reports	
Management's report	1
Independent auditor's reports	2
Management's review	
Company data	5
Management's review	6
Annual accounts 1 January - 31 December 2016	
Accounting policies used	7
Profit and loss account	11
Balance sheet	12
Notes	14

Management's report

The board of directors and the managing director have today presented the annual report of Skalflex A/S for the financial year 1 January to 31 December 2016.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2016 and of the company's results of its activities in the financial year 1 January to 31 December 2016.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Viborg, 3 February 2017

Managing Director

Poul Jensen

Board of directors

Eric Charles Pierre Bergé Chairman	Guillaume Emmanuel Marie Latil
Frédéric Simon Pierre Herbaut	Poul Jensen

Independent auditor's reports

To the shareholders of Skalflex A/S

Opinion

We have audited the annual accounts of Skalflex A/S for the financial year 1 January to 31 December 2016, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2016 and of the results of the company's operations for the financial year 1 January to 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section “Auditor’s responsibilities for the audit of the annual accounts”. We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company’s ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit.

Statement on the management's review
The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Viborg, 3 February 2017

Ullits & Winther
State Authorised Public Accountants
Company reg. no. 32 09 32 72

Henrik Lundsgaard
State Authorised Public Accountant

Company data

The company	Skalflex A/S Industrivej 20B 8800 Viborg	
	Phone:	8661 2299
	Company reg. no.:	17 10 47 99
	Established:	18 May 1993
	Domicile:	Viborg
	Financial year:	1 January - 31 December
Board of directors	Eric Charles Pierre Bergé, Chairman Guillaume Emmanuel Marie Latil Frédéric Simon Pierre Herbaut Poul Jensen	
Managing Director	Poul Jensen	
Auditors	Ullits & Winther Statsautoriseret Revisionspartnerselskab Agerlandsvej 1 8800 Viborg	

The principal activities of the enterprise

Like previous years, the principal activity has been the production and sale of materials for surface treatment of buildings.

Events subsequent to the end of the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Accounting policies used

The annual report for Skalflex A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to loose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

The profit and loss account

Gross profit

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Cost of sales include costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, and loss on debtors.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials include interest income, interest expenses, and realised and unrealised capital gains and losses on financial assets and liabilities. Net financials are recognised in the profit and loss account with the amounts concerning the financial year.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown. Land is not depreciated.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

Buildings	40 years
Technical plants and machinery	5-10 years
Other plants, operating assets, fixtures and furniture	3-6 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

As regards assets of own production, the cost comprises direct and indirect costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs form specific and general borrowing concerning the construction of each individual asset.

Inventories

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The cost for manufactured finished goods comprises the cost for raw materials, consumables, direct wages, and other direct costs.

The net realisable value for inventories is recognised as the market price with the deduction of completion costs and selling costs. The net realisable value is determined by taking negotiability, obsolescence, and the development of the expected market price into consideration.

Debtors

Debtors are measured at their nominal value. In order to meet expected losses, writedown takes place at the net realisable value.

Accruals

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Securities and equity investments

Securities and equity investments recognised as current assets are measured at fair value (market price) on the balance sheet date.

Available funds

Available funds comprise cash at bank and in hand.

Equity - dividend

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Skalflex A/S is proportionally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Financial liabilities related to mortgage credit institutions and financial institutions are measured at their nominal value. Financial instruments used for hedging of interest risk are measured at fair value (market value) on the balance sheet date.

Other liabilities are measured at their nominal value.

Profit and loss account 1 January - 31 December

All amounts in DKK.

Note		2016	2015
	Gross profit	**25.602.273**	**25.146.151**
1	Staff costs	-11.862.775	-12.574.257
	Depreciation on tangible fixed assets	-1.722.286	-1.743.582
	Operating profit	**12.017.212**	**10.828.312**
	Other financial income from group enterprises	63.794	0
	Financial income	3.702	3.663
	Financial costs	-744.774	-756.086
	Results before tax	**11.339.934**	**10.075.889**
2	Tax of the results for the year	-2.503.784	-2.380.513
	Results for the year	**8.836.150**	**7.695.376**
	Proposed disposal of the results:		
	Dividend for the financial year	10.000.000	2.565.125
	Disposed to results brought forward	0	5.130.251
	Disposed from results brought forward	-1.163.850	0
	Disposals in total	**8.836.150**	**7.695.376**

Balance sheet 31 December

All amounts in DKK.

Note	Assets	2016	2015
	Fixed assets		
3	Land and property	25.957.920	26.412.557
3	Production plants and machinery	1.231.121	1.743.449
3	Other plants, operating assets, fixtures and furniture	824.875	386.993
	Tangible fixed assets in total	28.013.916	28.542.999
	Fixed assets in total	**28.013.916**	**28.542.999**
	Current assets		
	Raw materials and consumables	5.345.292	3.946.989
	Manufactured and commercial goods	8.183.427	8.434.151
	Inventories in total	13.528.719	12.381.140
	Trade debtors	9.871.383	7.227.354
	Amounts owed by group enterprises	7.459.371	0
	Other debtors	278.030	55.970
	Accruals	249.185	245.584
	Debtors in total	17.857.969	7.528.908
	Other securities and equity investments	41.751	38.700
	Securities in total	41.751	38.700
	Available funds	4.393.271	7.381.217
	Current assets in total	**35.821.710**	**27.329.965**
	Assets in total	**63.835.626**	**55.872.964**

Balance sheet 31 December

All amounts in DKK.

Liabilities

Note		2016	2015
	Equity		
4	Contributed capital	500.000	500.000
5	Other reserves	-460.780	-886.777
6	Results brought forward	29.429.690	30.593.540
	Proposed dividend for the financial year	10.000.000	2.565.125
	Equity in total	**39.468.910**	**32.771.888**
	Provisions		
	Provisions for deferred tax	773.000	738.000
	Provisions in total	**773.000**	**738.000**
	Liabilities		
	Mortgage debt	16.630.307	17.064.721
	Other long-term debt	0	636.776
7	Long-term liabilities in total	16.630.307	17.701.497
	Short-term part of long-term liabilities	1.018.779	926.000
	Trade creditors	2.514.850	884.528
	Corporate tax	488.784	177.425
	Other debts	2.940.996	2.673.626
	Short-term liabilities in total	6.963.409	4.661.579
	Liabilities in total	**23.593.716**	**22.363.076**
	Equity and liabilities in total	**63.835.626**	**55.872.964**

8 Mortgage and securities

9 Contingencies

Notes

All amounts in DKK.

		2016	2015
1.	**Staff costs**		
	Salaries and wages	10.833.212	11.550.338
	Pension costs	350.580	412.718
	Other costs for social security	222.377	285.687
	Other staff costs	456.606	325.514
		11.862.775	**12.574.257**
	Average number of employees	24	24
2.	**Tax of the results for the year**		
	Tax of the results for the year, parent company	2.588.784	2.513.513
	Adjustment for the year of deferred tax	-85.000	-133.000
		2.503.784	**2.380.513**

3. Tangible fixed assets

	Land and property	Production plants and machinery	Other plants, operating assets, fixtures and furniture
Cost, opening balance	33.388.419	14.932.596	2.686.092
Additions	163.599	262.744	709.559
Disposals	0	0	-355.500
Cost, closing balance	**33.552.018**	**15.195.340**	**3.040.151**
Amortisation and writedown, opening balance	6.975.862	13.189.147	2.299.099
Depreciation/amortisation for the period	618.236	775.072	247.677
Depreciation and writedown, assets disposed of	0	0	-331.500
Amortisation and writedown, closing balance	**7.594.098**	**13.964.219**	**2.215.276**
Book value, closing balance	**25.957.920**	**1.231.121**	**824.875**

All amounts in DKK.

		31/12 2016	31/12 2015
4.	**Contributed capital**		
	Contributed capital opening balance	500.000	500.000
		500.000	**500.000**
5.	**Other reserves**		
	Other reserves, opening balance	-886.777	-1.235.057
	Adjustments of the year	425.997	348.280
		-460.780	**-886.777**
6.	**Results brought forward**		
	Results brought forward, opening balance	30.593.540	25.463.289
	Results for the year brought forward	-1.163.850	5.130.251
		29.429.690	**30.593.540**

7. Liabilities

	Instalments first year	Outstanding debt after 5 years	Debt in total 31 Dec 2016	Debt in total 31 Dec 2015
Mortgage debt	428.000	12.775.000	17.058.307	17.490.721
Other long-term debt	590.779	0	590.779	1.136.776
	1.018.779	**12.775.000**	**17.649.086**	**18.627.497**

8. Mortgage and securities

In addition to mortgage debt of TDKK 17.058, the company holds land and property with an book value of TDKK 25.958, which is provided as security for debt to credit institution by means of a mortgages registrered to the owners of TDKK 1.200 and a letter of indemnity of TDKK 800.

9. Contingencies

Contingent liablities

Service and warranty commitments ordinary within the sector are incumbent on the company

Joint taxation

Dry Mix Solutions ApS Denmark being the administration company, the company is subject to the Danish scheme of joint taxation and it is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligation to withhold tax on interest, royalties and dividends of the jointly taxed companies.

The liabilities amount to a maximum corresponding to that share of the company capital, which is owned directly or indirectly by the ultimate parent company.